GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:76
ANSWERED ON:09.07.2004
MERGER OF BANKS
Chowdhury Shri Adhir Ranjan;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to merge the public sector banks in the country;

(b) if so, the details thereof and the reasons therfor;

(c) the criteria adopted for their merger;

(d) whether several employees are likely to be affected by these merger;

(e) if so, the details therof;

(f) the benefits that would accrue to the Government on the merger of public sector banks;

(g) whether the Government also proposes to set up a massive development financial institution by merging them; and

(h) if so, the details thereof?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.76 FOR 9th JULY 2004 REGARDING MERGER OF BANKS TABLED BY SHRI ADHIR CHOWDHURY AND SHRI UDAY SINGH

(a) and (b): Decisions regarding mergers have to be taken by the managements of the concerned banks. Government, as the common shareholder, will only play a supportive role.

(c) & (f): Mergers, based on the principles of synergies and business complementarities will be helpful in branch network rationalization and in improving competitiveness of the merged entities.

(d) & (e): In their merger schemes, Banks are expected to build in adequate safeguards to protect the interests of the employees.

(g) : No, Sir.

(h) : Does not arise.